

HJ 17 – VARIATIONS BETWEEN STATE AGENCIES

A Report Prepared for the
Legislative Finance Committee

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INTRODUCTION

The 2013 Legislature passed HJR 17, a resolution to study state pay plans. As part of the study the LFD examined pay policies and administration of pay by state agencies. As the state is a large employer with several pay plans it is important that pay be administered consistently among the various state agencies. Statute and policy outline current requirements for agencies to follow but are very broad without required elements. The flexibility allowed in pay administration allows state agencies to fit their pay plans to their needs. It also results in variances in the administration of pay between state agencies.

The public policy role of the legislature regarding the cost of state government personnel includes

- Establishing the compensation system the state uses to attract and retain qualified employees
- Ensuring that controls over the pay system provide for consistent administration for employee pay, control costs, and assure equal treatment for state employees in relation to pay

The legislature established the process to measure the comparability of pay within state government using occupations and a market salary conducted by the State Human Resource Division (SHRD) within the Department of Administration (DOA). To examine consistency between state agencies the Legislative Fiscal Division developed information using pay rates by position for state employees within the executive branch as of September 30, 2013. The pay rates were compared to the most recent market survey conducted by the SHRD completed in 2012 to allow for comparability between positions, occupations, and state agencies.

This report examines consistency between state agencies administering pay and options for the legislature to enhance controls over pay.

PROCEDURES TO IMPLEMENT PAY

The State of Montana can be looked upon as a large employer with various subsidiaries (state agencies) and pay plans and a state employee is a state employee regardless of which department of state government they work for. Therefore, the elements of the pay policies for compensating those employees should have some consistency among state agencies.

The broadband pay plan allows state agencies a significant amount of flexibility to establish pay plan rules used to provide compensation to state employees, which totaled \$1.2 billion over the 2013 biennium. Each agency is to design, implement, and administer written pay rules. The Department of Administration issues policies that provide guidelines and requirements for agencies when creating pay rules for the plan. According to the policy the pay rules outlined in each pay plan must:

- Be fiscally responsible, actively managed, and consistent with the agency's mission and objectives
- Identify procedures to implement all aspects of pay
- Be filed with DOA

Agency pay plans are the vehicle used to articulate the procedures agencies utilize in relation to all aspects of pay. The primary reason for requiring that agencies identify procedures to implement all aspects of pay is to ensure that agencies have established a fair and equitable process for employee pay and that the state has controls over pay. Under the broadband pay plan state agencies establish:

- Pay philosophy
- Pay plan rules
- Pay ranges
- Base pay
- Methods for pay placement and progression
- Types of pay adjustments

These broad requirements allow agencies a great deal of flexibility to address pay related issues specific to the agency. They do not, however, provide consistency within state government as a whole for the administration of pay. This lack of consistency results in a number of variances related to pay among state agencies. One of the public policy choices for the legislature is whether to establish consistent elements for the administration of pay that establish more central control while still allowing flexibility to agencies.

Agency Pay Plan Establishment

The basic elements of agency pay plans vary widely as shown in Figure 1. Variances among agencies include whether or not the agency has:

- Established pay ranges for occupations
- Defined entry level salaries
- Outlined how pay is progressed towards market
- Defined pay adjustments and outline how each adjustment is administered

Each of these factors, if they are not consistently applied among agencies, can contribute to variances in pay among agencies. In addition to the potential inequity, large variances can contribute to difficulties in turnover and in recruiting for critical skills in particular agencies, as well as to “salary creep”, as agencies compete with one another for the same skills. Because as stated all state employees are state employees regardless of which agency they work for, employees can be hired by other state agencies without fear of impacting their basic benefits such as insurance, retirement, and accrued vacation time, further contributing to turnover and other issues.

Figure 1

State Agency Pay Plans				
State Agency	Pay ranges	Entry salary	Progression	Performance Increases
Legislative Branch	80 - 120% of market, market established by Branch survey	80% of market	Not addressed	Defined in pay plan rules
Judicial Branch	Defined in pay matrix	Minimum of pay matrix	Not addressed	Not defined in pay plan
Governor's Office - Board of Visitors only	Set in plan based on previous SHRD survey, dates not included	80% of market	80 to 115% of market	Not defined in pay plan
Secretary of State	10-20% above or below market point	90% of market	Not addressed	Not defined in pay plan
Commissioner of Political Practices	Definitions do not include amounts or pay ranges	Not included in definitions	Not addressed	Not defined in pay plan
State Auditor's Office	Definitions do not include amounts or pay ranges	Not included in definitions	Not addressed	Not defined in pay plan
Office of Public Instruction	Occupational pay ranges established by SHRD	Definitions do not include amounts	Not addressed	Not defined in pay plan
Department of Justice	Occupational pay ranges established by SHRD	No lower than minimum pay band	Not addressed	Not defined in pay plan
Board of Crime Control	Not defined	Entry of pay band	Not addressed	Not defined in pay plan
Public Service Commission	Definitions do not include amounts or pay ranges	Not included in definitions	Not addressed	Not defined in pay plan
Board of Public Education	Not defined	Entry rate for occupation range	Not addressed	Not defined in pay plan
Montana School for the Deaf and Blind	Not defined	Not included in definitions	Not addressed	Not defined in pay plan
Montana Arts Council	Defined specifically in appendix	No lower than minimum pay band	5 years move to midpoint	Defined
Montana Library Commission	Defined specifically in appendix	80% of market	Defined based on band	Defined
Montana Historical Society	Not defined	80% of market	5 years to move to midpoint	Not defined in pay plan
Department of Fish, Wildlife, and Parks	Salaries defined in appendix, not ranges	Not included in definitions	Not addressed	Not defined in pay plan
Department of Environmental Quality	Minimum and Maximum from 2002	80% of 2002	Not addressed	Not defined in pay plan
Department of Transportation	Not defined	Not included in definitions	Not addressed	Not defined in pay plan
Department of Livestock	No less than 80% of market (market not defined)	80% of market	Not addressed	Not defined in pay plan
Department of Natural Resources and Conservation	Not defined	85% to 115% of current market	Not addressed	Not defined in pay plan
Department of Revenue	80 -95% of market, market established in 2008	Not included in definitions	5 levels to get to 95% of market	Not defined in pay plan
Deaprtment of Administration	Occupational pay ranges established by SHRD	Definitions do not include amounts	Not addressed	Defined
Office of the Public Defender	Occupational pay ranges established by SHRD	Definitions do not include amounts	Not addressed	Not defined in pay plan
Department of Agriculture	Set in appendix for 2010	Definitions do not include amounts	Not addressed	Not defined in pay plan
Department of Corrections	Definitions do not include amounts or pay ranges	80% of market	5 years to move to market	Not defined in pay plan
Department of Commerce	Set in appendix using 2012 biennial survey	80% of market	7 years to move to market or 103%	Not defined in pay plan
Department of Labor and Industry	Market set in biennial survey, ranges not specifically outlined	Definitions do not include amounts	5 years to move to market	Not defined in pay plan
Department of Military Affairs	80- 120% of market, market established by SHRD survey	80% of market	5% per year to move to market	Not defined in pay plan
Department of Public Health and Human Services	80% - 120% of market, market 2010 survey by SHRD	Definitions do not include amounts	Not addressed	Not defined in pay plan

The following summarizes four pay plan elements and how they are implemented by the agencies.

Pay Ranges - The establishment of pay ranges in agency pay plans varies widely, from 80-120% of market to no definition included in the pay plan. Of the 29 state agencies included in the figure, 34.5% do not define pay ranges within their most recently published pay plan. For those that include a definition, the most common definition appears to be the occupational pay ranges established through the market survey process conducted by the State Human Resources Division (SHRD). Occupational wage ranges vary based on the pay band and as such do not have a set percentage such as 80-120% of the market. Agencies with lower overall salaries have greater difficulty in recruiting and retaining staff, sometimes due to loss to other agencies. Pay ranges are used to control the costs of pay through the establishment of a maximum amount of pay for a position. They also establish the minimum salary for employees. Starting at a lower entry salary is an initial recruitment issue for an agency and also means that the employee could likely always be further from market than in other agencies, increasing the agency's vulnerability to compensation-based retention issues, including to other agencies.

- **Entry Level Salaries** - The inclusion of how the entry level salary for various occupations is established also varied. The most common definition used is 80% of market for the entry level salary. In addition, it should be noted that 24% of the agencies did not define what the entry level salary would be. Entry level salaries establish a pay level for employees new to state government or conversely to a new position or agency. Variances in entry level pay can also lead to retention and recruitment issues for agencies with lower entry level salaries. Agencies with higher entry level salaries can drive expectations for applicants within state government in general.
- **Progression to Market** - Progression to market is not outlined in over 60% of the pay plans. For those that define moving an employee's salary from entry to market, the most common methodology is to move the position salary to market over a five year period. Variations in progression to market between agencies can leave the state vulnerable to claims that employees in different agencies are not being treated fairly and equitably
- **Performance Increases** - The vast majority of state agencies do not include how performance increases will be granted within their pay plans, with only three of the state agencies including this information. Variations in how agency administer pay adjustments, including performance increases, can also leave the state vulnerable to claims that employees in different agencies are not being treated fairly and equitably and create retention and recruitment issues for state agencies

Only the Montana Arts Council and the Montana Library Commission outlined all of the elements included in Figure 1 within their pay plans. Consequently, there is the potential for wide variation among state agencies in pay and the factors that control pay. Therefore, as stated earlier the legislature may wish to consider whether to ensure more potent central controls by the state over state employee pay.

Due to the significant cost of paying for government employees the legislature must balance the funding for pay increases both among employees and with other priorities such as education or health services. Controlling the level of pay in relation to market provides options to the legislature for distributing funding. In addition to the other elements of pay plans, the LFD noted that pay adjustments are not capped or limited in the majority of the pay plans. Utilizing such a central policy could provide controls over the amount of pay.

Pay Variations among State Agencies

The following sections explore pay variances among state agencies. While there are going to be a number of reasons for variance, as stated the lack of consistency in application of pay plan elements will be a contributing factor, and each of the factors above is discussed in that context.

Entry Level Salaries/Minimum Pay Level

One central component of pay establishes how an agency compensates employees entering state government employment and, once employed, the minimum amount of pay relative to the market. In FY 2008, when the legislature required state agencies to switch the majority of their positions to the broadband pay plan, an appropriation was provided to the executive and judicial branches to move employee pay to a minimum of 80%

of the market. The legislature did not continue this pay policy in subsequent biennia. However, the 2013 Legislature expressed its intent to bring all pay bands to the same relational percentage of the market midpoint as established in the market survey conducted by the SHRD in HB 13. In addition, as discussed previously, of those state agencies that included the entry level pay for positions, the most frequently used definition of market was 80%.

The following section explores the variances in pay for state employees that are below the level of 80% of the 2012 market midpoint as of September 30, 2013.

Positions Below 80% of the Market Midpoint

2,387 positions within state government were below 80% of market on September 30, 2013 after the majority of the increases contained in HB 13 were granted. Not having a consistent policy establishing entry level for positions within state government can contribute to this, as could failure of pay to keep up with market increases. Figure 2 shows the distribution of the positions by percentage of the market midpoint.

Figure 2

Distribution of Positions By Market Midpoint As of September 30, 2013		
Percentage of Market	Number of Positions	Percentage of Total Positions
30-39.99	1	0.01%
40-49.99	47	0.42%
50-59.99	90	0.81%
60-64.99	142	1.27%
65-69.99	325	2.91%
70-74.99	518	4.64%
75-79.99	<u>1,264</u>	<u>11.31%</u>
Total Positions in Broadband	<u>11,175</u>	<u>100.00%</u>

It should be noted that 12.6% of the positions have not yet been granted an increase, in part due to the need for labor unions to ratify negotiated settlements with bargaining units. Once these are granted the number of positions below 80% of the market midpoint may change.

The majority of positions are close to 80% of the market midpoint with almost 75% at 70% of the market midpoint or above. The ranges of the positions below the market midpoint show wide variations, from 47 employees paid between 40 and 49.99% of the market midpoint for their occupation to 1,264 employees with pay at 75.00 to 79.99% of the 2012 market.

Figure 3 shows which pay bands were associated with the positions.

Figure 3

Distribution of Positions Below 80% of the Market Midpoint As of September 30, 2013 By Pay Band						
Band	Number of Positions	Percentage of Total in Pay Band	Minimum Base Pay	Average Base Pay	Maximum Base Pay	Average of Market
02	76	18.63%	\$8.29	\$10.82	\$16.60	72.55%
03	336	17.50%	9.84	12.29	16.16	76.01%
04	349	26.62%	11.40	14.95	18.83	74.90%
05	362	15.06%	10.66	19.96	26.72	74.31%
06	535	15.57%	9.31	21.94	34.89	74.76%
07	524	35.77%	16.27	29.45	38.62	69.93%
08	194	92.38%	32.23	42.04	50.64	67.10%
09	<u>11</u>	<u>34.38%</u>	<u>44.57</u>	<u>54.35</u>	<u>77.36</u>	<u>56.01%</u>
	<u>2,387</u>	<u>21.36%</u>	<u>8.29</u>	<u>22.34</u>	<u>77.36</u>	<u>73.05%</u>

The total number of employees in these bands 2,3,4, and 5 is 6,033. As shown in Figure 3, 1,123 of the positions below the 2012 market midpoint, or 18.62% of the total positions are within the lower bands. A separate examination of the lower pay bands is provided further in this report.

The higher bands (6, 7, 8, and 9) have a total of 5,143 positions with 1,287 or 24.8% below 80% of the 2012 market midpoint. The average of the market midpoint declines as the pay bands increase, indicating that state employees in the higher pay bands are paid salaries that are less competitive with the market as established through the market survey. Positions in the higher pay bands include:

- Pay band 6 – compliance specialist, computer support specialist, crime investigator, fish and wildlife biologist, registered nurse, right of way specialist
- Pay band 7 – crime investigator, lawyer, program manager, science program supervisor manager, social community services manager
- Pay band 8 – computer information systems manager, lawyer, operations manager
- Pay band 9 – medical examiner, operations manager

Figure 4 provides further information on the number of positions by state agency as well as the minimum, average, and maximum base pay within each agency for the positions that are paid at below 80% of the FY 2012 market midpoint.

Figure 4

Distribution of Positions By Market Midpoint As of September 30, 2013					
State Agency	Number of Positions	Minimum Base Pay	Average Base Pay	Maximum Base Pay	Average of Market
Administration	147	\$9.90	\$24.67	\$50.02	72.99%
Agriculture	9	34.51	39.24	45.29	74.12%
Board of Crime Control	5	15.71	22.88	42.09	75.40%
Commerce	25	17.32	32.92	50.03	69.86%
Department of Corrections	208	10.12	19.15	44.57	73.74%
Environmental Quality	122	10.87	25.96	49.27	70.84%
Fish, Wildlife, & Parks	127	9.31	24.75	47.75	75.59%
Governor's Office	4	22.56	33.86	46.16	65.42%
Justice	229	9.05	22.68	77.36	71.59%
Labor & Industry	72	9.30	21.99	47.89	74.75%
Livestock	79	9.76	15.83	32.96	72.20%
Military Affairs	71	11.07	18.51	41.47	72.82%
Montana Arts Council	1	38.35	38.35	38.35	79.58%
Montana Historical Society	22	8.29	17.67	45.71	67.94%
Montana State Library	10	14.75	23.42	42.59	73.92%
Natural Resources & Conserv	100	10.35	24.98	42.97	74.65%
Office of Public Instruction	56	10.27	22.38	42.28	71.62%
Office of the Public Defender	174	10.19	23.20	34.92	64.77%
Political Practices	1	22.29	22.29	22.29	70.68%
Public Health & Human Services	417	8.50	19.74	52.68	75.86%
Public Service Commission	9	21.00	26.60	33.56	73.46%
Revenue	208	10.82	23.23	55.27	73.10%
School for Deaf & Blind	5	9.47	10.88	12.91	70.17%
Secretary of State	11	11.30	15.14	32.00	76.46%
State Auditor	1	21.63	21.63	21.63	70.39%
Transportation	274	11.61	24.13	52.99	74.65%
Total	2,387	8.29	22.34	77.36	73.05%

The attainment of salary thresholds depends on the agency. The Public Defender continues to have a number of positions that average less than 80% of the market midpoint. While the agency has implemented HB 13 increases it is in the process of implementing a career ladder that may result in a higher number of positions above 80% of the market midpoint.

The lower end of the occupational pay range for positions could also be used to establish the entry level salary for positions new to state government. The lower end of the occupational pay range can have establish pay that is below 80% of the market midpoint. Pay ranges are discussed later in the report.

Legislative Option

One of the central public policy decisions the legislature may wish to consider is whether to centrally establish an entry level salary for positions within state government. Another issue to consider is whether, once the entry level is established, pay should be maintained at a minimum percentage of the current established market.

The appropriations process associated with the pay plan bill provides a vehicle for the legislature to steer salary levels by providing a specific appropriation that may only be used to adjust salaries of individuals or occupations to a minimum percentage of market midpoint. The legislature may also wish to direct funding to occupations that are the furthest from the market midpoint.

Progression Towards Market

Many of the agency pay plans establish market progression whereby pay for positions progresses to 100% of the market within a certain time period. While it is not apparent from the data which positions have been advanced through this process, it is apparent which positions have attained or are above market.

Positions Above 100% of the Market Midpoint

Part of the purpose of evaluating the competitiveness of pay through use of the market survey is to determine if salaries are more competitive in certain occupations, agencies, or pay bands. If pay is above the market it can mean that pay for an occupation has dropped and the state may be able to pay less for that occupation. It could also be that:

- An agency or the legislature has determined a specific occupation or positions is critical to the state and has adjusted pay higher as a result
- Working conditions associated with the position warrant pay above the market midpoint
- There is an issue with the current classification of the positions within the occupation and the pay has been increased to recognize the additional responsibilities without reclassifying the position
- The state has established an alternative pay plan survey for the occupation (Montana Highway Patrol) which increases the pay above the market midpoint determined through the general survey conducted by the SHRD
- Current employees have significant experience or time in the position
- A career ladder is established that anchors to a benchmark but that is not identified within the pay data used to establish market comparisons. An example would be lead workers
- Employees receive supervisory pay

As of September 30, 2013 2,384 positions or 21.33% of the broadband positions included in the analysis were above the market midpoint. Figure 5 provides the number of positions within each agency and the average above the market.

Figure 5

Positions Above 100% of Market As of September 30, 2013						
State Agency	Number of Positions	Percentage of Total	Minimum Base Pay	Average Base Pay	Maximum Base Pay	Average of Market
Administration	124	5.22%	\$11.88	\$28.60	\$49.96	110.19%
Agriculture	19	0.80%	16.30	23.72	30.39	107.67%
Board of Crime Control	2	0.08%	14.42	22.52	30.62	101.80%
Board of Public Education	1	0.04%	39.62	39.62	39.62	132.49%
Commerce	66	2.78%	14.28	23.65	40.12	104.84%
Department of Corrections	318	13.40%	12.51	21.58	90.29	107.78%
Environmental Quality	50	2.11%	18.44	32.68	40.48	108.76%
Fish, Wildlife, & Parks	123	5.18%	11.29	22.09	45.20	109.71%
Governor's Office	11	0.46%	15.89	23.61	32.71	113.65%
Justice	236	9.94%	10.87	22.92	34.02	107.70%
Labor & Industry	181	7.62%	11.71	24.38	108.93	108.54%
Livestock	12	0.51%	14.42	22.81	41.20	106.63%
Military Affairs	33	1.39%	14.78	21.31	40.58	109.36%
Montana Arts Council	7	0.29%	15.93	27.29	38.72	109.35%
Montana Historical Society	12	0.51%	12.39	20.43	28.19	110.54%
Montana State Library	7	0.29%	15.20	24.50	28.48	105.75%
Natural Resources & Conserv	128	5.39%	10.99	19.65	37.69	110.38%
Office of Public Instruction	37	1.56%	16.73	25.41	32.19	108.95%
Office of the Public Defender	4	0.17%	18.72	23.55	28.29	119.02%
Political Practices	2	0.08%	16.71	20.36	24.01	121.18%
Public Health & Human Services	610	25.70%	9.81	22.64	109.66	111.53%
Public Service Commission	6	0.25%	13.12	20.28	24.77	108.30%
Revenue	26	1.10%	16.21	21.71	29.56	111.38%
School for Deaf & Blind	21	0.88%	10.33	12.98	20.40	114.64%
Secretary of State	9	0.38%	14.52	22.25	33.25	112.38%
State Auditor	13	0.55%	12.27	25.41	42.39	111.24%
Transportation	316	13.31%	14.86	29.11	41.70	108.56%
Total Positions	2,374	100.00%	9.81	23.85	109.66	109.45%

Over 60% of the positions above the 2012 market midpoint within the broadband pay plan are in four agencies:

- Department of Public Health and Human Services 25.67%
- Department of Corrections 13.42%
- Department of Transportation 13.30%
- Department of Justice 9.90%

While it is helpful to know which state agencies are paying employees above the market, further analysis is needed to determine if the state is paying above the market for certain occupations due to the nature of the work or the competition with other employers for employees. The positions are in a number of pay bands and occupations. Figure 6 includes the positions by pay band.

Figure 6

Positions Above 100% of Market As of September 30, 2013						
Pay Band	Number of Positions	Percentage of Total in Band	Minimum Base Pay	Average Base Pay	Maximum Base Pay	Average of Market
02	104	25.49%	\$9.81	\$12.31	\$34.59	112.85%
03	419	21.82%	10.33	15.93	29.56	109.95%
04	120	9.15%	15.40	19.60	27.56	107.64%
05	547	22.76%	16.21	22.59	35.94	110.27%
06	964	28.06%	19.96	25.88	37.33	109.19%
07	200	13.65%	27.15	36.30	49.96	106.30%
08	3	0.00%	47.79	50.18	52.57	109.77%
09	17	53.13%	75.12	93.70	109.66	114.36%
Total	2,374	100.00%	9.81	23.85	109.66	109.45%

As shown, the vast majority of the positions are in pay band 3, 5, and 6. To focus on which occupations within state government are above the market midpoint, Figure 7 shows the occupations with more than 20 positions in these pay bands.

Figure 7

Occupations with More than 20 Positions Above 100% of the Market Midpoint				
Occupation	Number of Positions	Percentage of Total Positions in Pay Band	Percentage Of Market	Number with Supervisory Duties
Pay Band 3				
Administrative Assistant	22	5.25%	106.95%	2
Correctional Officer	95	22.67%	105.77%	0
Forestry Technician	65	15.51%	112.08%	2
Nursing Aide	66	15.75%	113.76%	0
Psychiatric Aide	26	6.21%	106.15%	10
Secretary	<u>26</u>	<u>6.21%</u>	<u>109.31%</u>	<u>1</u>
Total Positions in Pay Band	419	71.60%	109.91%	15
Pay Band 5				
Accountant	32	5.85%	107.13%	10
Child Family Social Worker	20	3.66%	117.69%	0
Civil Engineering Specialist	41	7.50%	108.90%	0
Corrections&Social Svc Sup/Mgr	39	7.13%	111.96%	39
Employment Specialist	20	3.66%	108.90%	11
Highway Patrol Officer	149	27.24%	107.18%	0
Program Specialist	<u>33</u>	<u>6.03%</u>	<u>113.33%</u>	<u>18</u>
Total Positions in Pay Band	547	61.06%	110.27%	78
Pay Band 6				
Accountant	30	3.11%	107.48%	13
Administrative Specialist	30	3.11%	109.23%	27
Child Family Social Worker	106	11.00%	109.73%	36
Computer Programmer	30	3.11%	106.14%	5
Corrections&Social Svc Sup/Mgr	54	5.60%	110.70%	54
Designer	54	5.60%	107.21%	18
Health Program Representative	36	3.73%	111.99%	10
Human Resource Specialist	21	2.18%	105.89%	2
Human Services Specialist	35	3.63%	110.01%	1
Probation Parole Officer	88	9.13%	106.44%	0
Program Manager	21	2.18%	107.21%	20
Program Specialist	57	5.91%	106.14%	10
Rehabilitation Counselor	<u>48</u>	<u>4.98%</u>	<u>107.59%</u>	<u>10</u>
Total Positions in Pay Band	<u>964</u>	63.28%	109.19%	206
Total Positions in Three Pay Bands	<u>1,930</u>			

Correctional officers, forestry technicians, and nursing aides make up over half of the employees compensated above the market midpoint in pay band 3. In pay band 5 almost one third of the employees are in the highway patrol. In pay band 6, 11.08% of the employees at the higher pay rate are in child and family social workers while 9.11% are probation and parole officers. As shown, many of the occupations with positions above the market midpoint support the government's role in the public safety or health services.

Figure 7 also shows the number of positions that are above 100% of the market midpoint that have supervisory duties and related pay adjustments. Supervisor pay can result in higher pay thus showing a higher attainment of the market midpoint.

Legislative Option

Should the legislature wish to allocate pay to only those individuals that are below the market midpoint it could establish central pay plan elements that limit or cap salary increases to employees that are above a certain market percentage. Another option would be to establish an exception process for increasing pay above a percentage of market only after review by an independent body such as the SHRD.

Pay Ranges

Pay for occupations is established by placement on a pay band. State agencies establish the pay level for positions within the broad ranges of the pay bands. SHRD policy does not require that pay for positions be within established ranges for the occupation that relates to the position.

Once the SHRD determines the market midpoint for each occupation it calculates the occupational wage range for each occupation in each pay band showing the minimum and maximum the market for the occupation should pay.

Using occupational wage ranges for positions provides controls that ensure employees within those positions are compensated similarly no matter which agency they are employed with. Over a third of state agencies did not define in their pay plans what the pay ranges were for their positions. To examine if there are inconsistencies in the range of pay the LFD examined pay for various occupations central to state government

Pay Ranges for Common State Positions

State government agencies have common types of positions, such as accountants or computer programmers, which are utilized by most agencies. Figure 8 shows differences in the percentage of the market midpoint for accountant positions throughout the executive branch of state government.

Figure 8

Comparison of Base Pay Accountant					
State Agency	Number of Positions	Minimum Base Pay	Average Base Pay	Maximum Base Pay	Average of Market
Administration	23	\$15.35	\$22.71	\$30.39	93.36%
Agriculture	2	17.15	17.71	18.27	96.96%
Board of Crime Control	1	18.54	18.54	18.54	79.84%
Commerce	11	15.05	20.80	26.16	96.43%
Department of Corrections	5	14.96	17.36	20.48	95.06%
Environmental Quality	5	16.31	17.17	17.93	94.03%
Fish, Wildlife, & Parks	2	17.75	18.57	19.38	101.67%
Justice	6	15.97	20.32	24.12	93.90%
Labor & Industry	5	14.86	20.00	22.81	95.36%
Livestock	2	20.60	23.18	25.75	111.85%
Military Affairs	2	15.50	17.08	18.66	93.54%
Montana Historical Society	1	25.75	25.75	25.75	110.89%
Natural Resources & Conserv	6	15.92	18.89	23.21	95.62%
Office of Public Instruction	5	18.73	20.26	22.19	105.77%
Office of the Public Defender	2	15.07	19.57	24.06	79.64%
Public Health & Human Services	30	16.95	21.14	26.99	93.21%
Revenue	3	23.38	25.24	28.97	97.93%
Secretary of State	1	16.48	16.48	16.48	90.24%
State Auditor	1	25.75	25.75	25.75	110.89%
Transportation	<u>31</u>	<u>20.00</u>	<u>24.20</u>	<u>28.80</u>	<u>104.84%</u>
Grand Total	<u>144</u>	<u>14.86</u>	<u>21.52</u>	<u>30.39</u>	<u>97.19%</u>

As discussed, state agencies determined which pay band to place the various positions onto and the base pay level for each position based on the requirements of the position and the benchmarks established for similar positions. The classification of positions in the broadband pay system should provide for positions with similar complexity of work and knowledge and skills required to do the work in the same band with pay that is comparable to the market midpoints for the position. For accountants, the market midpoints and related occupational salary ranges are placed on three separate pay bands. It should be noted that the length of time an employee has been in a position may impact their market target percentage as the agency progresses the employee towards market while other agencies have newer employees at a lower percentage of market.

Figure 8 shows the average of market for accountants within state agencies using the applicable market midpoint for the pay band associated with the position. As shown above, over half of the positions are within three agencies:

- Public Health and Human Services – average of market 93.21% ranging from 79.84% to 112.34%
- Department of Administration – average of market 93.36% ranging from 74.22% to 130.87%
- Transportation – average of market 104.84% ranging from 91.85% to 114.99%

In this instance it would appear that accountants within Transportation are closer to the market midpoint than accountants in either of the Departments of Public Health and Human Services and Administration as the pay range for those positions is much narrower and closer to the market. Appendix A provides similar comparisons for other positions found in multiple agencies, which also vary widely.

The only range of pay established for broadband pay plan requires that the positions not be below the entry level for the band. The occupational wage ranges are placed within the pay bands and are usually above the minimum of the pay band. While this allows for wide variations in the pay approved to employees within the same occupations, base pay should be within similar ranges for positions in the same pay bands. As shown the base pay for accountants varies from an average of 79.64% of market for the two accountant positions in the Office of the Public Defender to 111.85% for the two positions in Livestock or a range of 32.21%. Work complexity

and other factors can contribute to higher pay. Another factor may be the length of time an employee has been in the position and the agency's policy towards progression to market.

As discussed, occupational wage ranges are calculated by SHRD to establish a pay range for each occupation. If used by all state agencies the wage ranges could narrow the differences of pay for employees in the same occupations within state government. For accountants the related wage ranges by pay band are:

- Pay band 5 – range \$30,388 to \$45,582 with a market midpoint of \$37,985
- Pay band 6 – range \$38,640 to \$57,960 with a market midpoint of \$48,300
- Pay band 7 – range \$50,936 to \$79,502 with a market midpoint of \$65,219

To determine if pay for accountants is above or below the occupational pay ranges established for each pay band the LFD examined the differences between the minimum base pay for each accountant position compared to the minimum of the occupational pay range, and the maximum base pay compared to the maximum of the pay range. The LFD found that in five instances the minimum base pay for the position was below the occupational pay range and in one instance the maximum base pay was above the maximum established for the pay range.

Pay ranges can be used to establish the pay levels paid for state positions. As previously discussed, supervisory duties may increase employee pay above the market midpoint, it may also increase pay above a set occupational range.

Legislative Option

If the legislature wishes to provide for additional controls over the range of pay for state employee occupations it could require that state agencies use the current occupational wage ranges as established by SHRD through the market survey process. Should the legislature wish to adopt occupational wage ranges as the pay levels for positions, the legislature may also wish to establish additional ranges if supervisory pay is a component of base pay.

Variations in Pay for Positions Specific to State Agencies

Each state agency provides services for Montana citizens that are specific to that state agency. For example, only the Department of Corrections performs the public safety role of staffing the state prison. Figure 9 illustrates the variation in base pay for positions specific to the Department of Corrections, the Department of Justice, and the Office of the Public Defender, agencies that address public safety within Montana.

Figure 9

Public Safety Positions					
Position	Number of Positions	Minimum Base Pay	Average Base Pay	Maximum Base Pay	Average of Market
Correctional Officer	419	\$12.57	\$15.27	\$26.57	91.48%
Correctional Officer Sgt	46	16.85	18.98	21.73	93.72%
Correctional Officer SupMgr	35	20.92	23.52	26.56	95.95%
Correctional Treatment Spc	26	14.68	18.32	22.73	88.03%
Correctional Treatment Tch	1	14.64	14.64	14.64	84.11%
Corrections&Social Svc Sup/Mgr	31	18.73	25.41	31.53	110.64%
Crime Analyst	3	20.60	21.73	23.98	63.10%
Crime Investigator	73	17.98	23.94	29.55	64.99%
Highway Patrol Lieutenant	9	31.33	32.76	34.89	73.72%
Highway Patrol Officer	173	16.98	23.37	26.22	105.49%
Highway Patrol Sergeant	28	26.72	27.83	29.01	81.84%
Highway Patrol Specialist	3	28.04	29.46	31.33	113.86%
Lawyer	161	19.96	29.49	42.75	63.34%
Legal Secretary	41	10.19	12.77	18.72	87.22%
Probation Parole Officer	160	16.93	21.19	32.40	98.17%
Total	1,209	10.19	20.72	42.75	89.13%

It should be noted that on September 30, 2013 a number of the positions shown above are filled by individuals who are part of labor unions that had not reached a negotiated settlement agreement with the state, including:

- Highway patrol officers
- Correctional officers

As shown, pay for positions associated with public safety varies in relationship to market. Appendix C provides additional tables on the variations in pay for health related positions and those in the environmental field.

As mentioned, the Montana Highway Patrol uses a separate pay plan survey to establish competitive salaries for their officers due to retention and recruitment issues. This survey is designed to ensure that patrol pay is comparable to deputy sheriff's pay within certain counties in Montana.

Correctional officers and probation and parole officers average above 90% of the market midpoint as measured on June 5, 2012. Positions lagging the market midpoint include lawyers, and crime investigators and analysts. A number of these positions are within the Office of the Public Defender (OPD). Due to concerns with high turnover the OPD received additional funding for a career ladder. At the time of this writing the career ladder had not yet been implemented and thus the average of market may be adjusted upward for a number these positions.

Similarly, the public safety positions have established occupational wage ranges. Lawyers are part of each of the three agencies in the public safety arena. A comparison of the pay for the lawyers and the occupational wage ranges shows that:

- None of the three attorneys in the Department of Corrections were above the minimum of the occupational wage range of \$34.14 an hour in pay band 7
- 7.02% of the 114 attorneys in the Office of the Public Defender were above the minimum wage range in pay band 7
- 15.79% of the 19 attorneys in the Department of Justice were above the minimum wage range in pay band 7
- None of the attorney positions in pay band 7 were above the maximum wage range in pay band 7
- None of the attorneys in any of the agencies were above the minimum wage range in pay band 8

The percentage below the minimum occupational wage range varied by position and by agency. The average amount below the minimum for pay band 7 was:

- 13.76% for the Department of Corrections
- 4.16% for the Department of Justice
- 21.90% for the Office of the Public Defender

The state's policy is that pay is to be based on competency, internal equity, and external competitiveness when fiscally able. The SHRD defines internal equity as job related qualifications and existing pay relationships within the agency. The wide ranges between the average percentages below the markets in the three agencies could be partially driven by funding.

A policy choice the legislature faces is whether to smooth the differences in pay among state agencies that provide for the various services offered to Montana's citizens such as public safety. Should the legislature establish the current occupational wage range as a central requirement for pay plans the minimum occupation wages and attainment by position could be utilized as a tool to determine the level of funding. If the legislature wished to ensure that public safety occupations were prioritized above employment related occupations or vice versa it could use this type of analysis to establish the level of funding for legislative priorities.

Other considerations such as collective bargaining agreements, labor laws, and diversity would need to be incorporated into the process should the legislature wish to direct funding in this manner.

Legislative Option

If the legislature wishes to further target funding for pay adjustments it could provide appropriations that are directed to pay in occupations providing for specific services using a percentage of the minimum occupational wage range.

Pay Adjustments

One of the driving factors for HJR 17 was the executive's implementation of broadband pay adjustments during the 2013 biennium. As noted, few state agencies outlined their procedures for implementing performance based pay adjustments.

By way of illustration, one agency that has established in its pay plan how performance adjustments are awarded is the Montana State Fund (MSF). MSF has a separate pay plan for its employees as allowed by statute and as such is not part of the broadband pay plan. Employee pay is adjusted solely based on performance. Once the employee's initial salary is established, the salary is adjusted only due to awards made for performance ratings. The MSF has developed a "balanced score card" to determine which employees will receive performance increases in any given year. 50% of the ratings are based on what the employee does and the other 50% is based on how they do it. For example, a customer service representative may have performance measurements such as how many times a phone rings before it is answered and how many calls they answer each day, which is considered what the employee does. In addition, they are measured on how well they interact with the caller, or how they do their job. The combination of the two components determines an employee's overall rating.

Montana State Fund includes a budget category of merit pay increases in the budget approved by the board of directors. MSF performance increases must stay within the budgeted amount. Other state agencies including the Montana Arts Council and the Montana State Library also define pay adjustments within their pay plans.

Should the legislature wish to establish more defined processes for awarding pay adjustments, including performance based adjustments, it could outline side boards such as the maximum percentage for performance based adjustments, requirements for state agencies to establish reportable measurements for job performance, or biannual reports to the legislature on employee performance and related pay adjustments.

Legislative Option

If the legislature wishes to centralize controls over broadband pay adjustments it could establish procedures for state agencies to incorporate into their pay plans.

Summary

As discussed throughout the report, the flexibility provided in the current requirements for the broadband pay plan has led to variations among state agencies in how pay plans are administered. In its public policy role of establishing pay for state employees the legislature may wish to provide additional centralized controls over pay plans to ensure pay for state employees is consistently administered.

Other Areas of Legislative Interest

Throughout the 2013 Legislature state employee pay was a major topic of consideration. The legislature expressed its intent with pay factors in both HB 13 (the pay plan bill) and in HB 2. The following report sections further discuss various areas of expressed legislative interest.

Variations within Lower Pay Bands

Part of the legislative discussion around pay in the 2013 session focused on pay for state employees in the lower pay bands and whether pay for the employees holding these positions was adequate. HB 13 included language that directed that particular attention be paid to pay in the lower pay bands. Of the 11,190 positions of the executive branch that were examined for comparability to the FY 2012 market midpoint, 6,050 or 54% hold positions that are in pay bands 1, 2, 3, 4, or 5. Figure 10 shows the distribution of the positions within the

various bands, the minimum base pay for the band, the average, and the maximum, as well as the average of the market midpoint for the positions within the pay band.

Figure 10

Positions and Related Pay for Lower Pay Bands As of September 30, 2013					
Band	Number of Positions	Minimum Base Pay	Average Base Pay	Maximum Base Pay	Average of Market
01	1	\$10.61	\$10.61	\$10.61	89.89%
02	414	8.29	11.02	34.59	91.61%
03	1,924	7.80	13.90	29.56	91.23%
04	1,330	11.40	16.62	27.56	87.68%
05	2,408	<u>10.66</u>	<u>20.03</u>	<u>35.94</u>	<u>91.59%</u>
Total Positions	<u>6,077</u>	<u>7.80</u>	<u>16.73</u>	<u>35.94</u>	<u>90.49%</u>

As shown, the average base pay for the positions in the lower pay bands is at least 88% of the market midpoint with the majority of the averages above 90%. Averages tell part of the story, but using the averages of 6,050 employees does not reflect how specific state positions or occupations compare to the market midpoint established through the market survey. Figure 11 shows the positions that have more than 20 employees and the lowest and highest percentage of markets for positions within each of the lower pay bands.

Figure 11

Occupations with Greater than 20 Positions in Pay Band					
Pay Band	Positions	Number of Positions	Percentage of Market		
			Lowest	Highest	Average
02	Food Service Worker	21	\$8.96	\$12.59	95.36%
02	Maintenance Worker	21	10.99	12.08	109.63%
02	Food Preparation Worker	28	8.71	13.24	102.01%
02	Groundskeeper	42	10.43	15.52	90.30%
02	Custodian	42	8.50	34.59	101.32%
02	Administrative Clerk	<u>74</u>	<u>9.05</u>	<u>13.90</u>	<u>74.08%</u>
	Total Positions greater than 20	228			
	Total within Pay Band 2	408	8.29	34.59	91.78%
	Percentage of total	55.88%			
03	Institution Attendant	20	8.82	15.72	113.00%
03	Social Service Aide	25	11.83	17.18	82.64%
03	Police Fire Dispatcher	26	15.36	17.78	101.55%
03	Eligibility Assistant	31	13.62	16.21	85.89%
03	Accounting Technician	49	10.57	20.56	85.25%
03	Legal Secretary	49	10.19	18.72	88.77%
03	Tax Technician	60	10.82	16.22	90.74%
03	License Permit Technician	61	10.78	20.59	87.65%
03	Civil Engineering Technician	62	13.43	24.26	84.16%
03	Secretary	72	10.56	16.75	97.90%
03	Forestry Technician	93	11.64	19.87	105.67%
03	Nursing Aide	141	10.19	20.96	101.55%
03	Psychiatric Aide	278	11.18	17.62	87.37%
03	Administrative Assistant	310	10.24	20.72	85.10%
03	Correctional Officer	<u>356</u>	<u>12.57</u>	<u>26.57</u>	<u>92.40%</u>
	Total Positions greater than 20	1,633			
	Total within Pay Band 3	1,909	8.82	29.56	91.01%
	Percentage of total	85.54%			

Occupations with Greater than 20 Positions in Pay Band					
Pay Band Positions		Number of Positions	Percentage of Market		
			Lowest	Highest	Average
05	Correctional Treatment Spc	20	14.68	20.94	88.57%
05	Fish Culture Specialist	21	17.79	22.88	93.13%
05	Financial Specialist	22	15.96	23.99	104.15%
05	Purchasing Agent	22	16.46	23.31	91.50%
05	Designer	24	20.87	27.83	87.99%
05	Materials Lab Specialist	24	18.50	23.13	78.27%
05	Occupational Health Safety Spc	24	19.22	22.08	99.94%
05	Highway Patrol Sergeant	28	26.72	29.01	81.84%
05	Insurance Claims Examiner	30	15.15	26.65	97.30%
05	Building Codes Inspector	33	16.29	20.24	83.03%
05	Data Control Specialist	34	17.93	27.69	68.42%
05	Computer Support Specialist	35	18.30	25.78	81.91%
05	Conservation Technician	39	15.08	22.88	88.73%
05	Corrections&Social Svc Sup/Mgr	39	18.73	21.23	111.96%
05	Forester	39	13.85	20.58	84.96%
05	Child Family Social Worker	40	14.50	21.89	107.53%
05	Water Conservation Specialist	44	19.93	22.04	87.43%
05	Administrative Specialist	47	10.66	31.62	99.77%
05	Tax Examiner	49	16.71	20.98	89.96%
05	Program Specialist	50	14.30	24.23	105.91%
05	Accountant	63	14.96	21.73	99.41%
05	Tax Appraiser	68	17.11	24.48	81.31%
05	Fish Wildlife Parks Warden	70	17.63	21.33	86.73%
05	Compliance Specialist	72	14.42	21.30	83.56%
05	Civil Engineering Specialist	77	12.46	31.73	97.64%
05	Civil Engineering Technician	80	20.55	30.98	91.46%
05	Construction Trades SupMgr	117	22.61	30.98	76.25%
05	Employment Specialist	172	15.86	21.30	95.37%
05	Highway Patrol Officer	173	16.98	26.22	105.49%
05	Social Service Specialist	313	12.28	22.66	85.06%
Total Positions greater than 20		1,869			
Total within Pay Band 5		2,403	10.66	35.94	91.58%
Percentage of Total		77.78%			
Grand Total for Lower Pay Bands		<u>6,032</u>	<u>\$8.29</u>	<u>\$35.94</u>	<u>90.53%</u>

As would be expected, the averages in each pay band are driven by the number of positions in a specific occupation and the average of the market midpoint for that occupation. For example, pay band 2 has an overall percentage of market of 91.65% that is driven down by the low attainment of market for the 75 administrative clerks at 74.15% of the market midpoint, partially offset by the 21 maintenance workers at 109.63% of the market.

Some positions within the lower pay bands may have high turnover but have large recruitment pools meaning it is not difficult to hire qualified applicants for the low paying positions. Employees in these positions may leave for other positions in the agency in higher pay bands. The legislature may wish to identify positions with recruitment issues if it wishes to direct funding towards occupations and positions in the lower pay bands.

Legislative Option

To adjust the pay for individuals in the lower pay bands, funding could be directed by the legislature towards those occupations and positions within the occupations that are below 80% of the market midpoint:

Vacancies

Employees leave state government employment for a number of reasons, including:

- Better employment opportunities with other employers in the private sector or in either the federal or local governments, including a potentially higher salary
- Issues in the workplace environment including management, supervision, high workloads, or other employees
- Retirement

The legislature authorizes permanent positions by:

- Appropriating personal services for FTE in HB 2
- Approving proprietary rates that include support for personal services for FTE
- Including program costs such as personal services in legislation providing for statutory appropriations

In addition, temporary positions may be established. For example, an agency may receive a federal grant that is approved through a budget amendment. In most cases, the Office of Budget and Program Planning approves modified positions for the programs funded by these federal funds.

The legislature's expressed interest in vacant positions is two-fold:

- Funding that becomes available due to the vacancy can generate budget savings that can be used for other priorities
- Vacancies can be an indication of a recruiting or retention issue

Historically the legislature has fully funded all positions in HB 2, even those that were vacant, and then reduced the funding by a vacancy savings rate of 4%. While the legislature does not specifically authorize the number of FTE hired by the executive, it does provide the funding supporting the resulting personal service costs. The 2013 Legislature outlined its intent in regards to vacant positions in HB 2 boilerplate stating that it was the legislature's intention that the executive include only the number of positions in the 2017 biennium budget that were supported by the 2015 biennium budget. For HB 2 the Legislative Fiscal Division calculated that 436.69 FTE would not be included in the executive budget request for the 2017 biennium should the Governor accept the request from the legislature.

The 2015 budget submissions to the Office of Budget and Program Planning include personal services supported by proprietary rates and statutory appropriations. Vacancy savings of 4% was included for these parts of the budget also.

Figure 12 shows the number of positions that were vacant as of November 13, 2013. While a total of 1,280.17 FTE were vacant on that date only 1,112.76 were funded by either HB 2, proprietary rates, or statutory appropriation.

Figure 12

Vacant Positions As of November 13, 2013					
Salary Plan	HB 2				
	One time Only	HB 2	Proprietary	Statutory	Total
Broadband	3.15	867.80	86.15	16.78	973.88
Judicial Branch	3.00	20.05	0.00	0.00	23.05
Commissioner of Higher Education	0.00	20.99	1.12	0.00	22.11
Exempt Employees	0.30	13.49	1.01	0.00	14.80
Blue Collar	0.00	39.82	6.00	0.00	45.82
Legislative Branch	0.00	16.10	0.00	0.00	16.10
State Fund	0.00	0.00	27.00	0.00	27.00
Total	6.45	978.25	121.28	16.78	1,122.76

As shown, the number of positions currently vacant in the broadband pay plan, combined with the blue collar pay plan, are more than double the number estimated by the LFD if the legislature's intent to reduce permanent positions is followed by the Governor.

Figure 13 shows by state agency where the vacancies occurred as of November 13, 2013 and the percentage of time the positions were vacant.

Figure 13

Vacant Positions As of November 13, 2013			
Agency Name	HB 2 Combined*	Total FY 2014 FTE	Percentage of Time Vacant
Board of Public Education	1.00	4.00	100.00%
Board of Crime Control	0.00	17.50	0.00%
Commissioner of Higher Education	20.99	93.88	98.77%
Commissioner of Political Practices	1.00	7.00	100.00%
Consumer Counsel	0.54	5.54	100.00%
Department of Administration	11.50	149.13	72.85%
Department of Agriculture	14.20	119.53	59.65%
Department of Commerce	9.08	49.00	73.66%
Department of Corrections	100.50	1,281.89	57.97%
Department of Environmental Quality	37.36	385.48	86.69%
Department of Justice	53.95	772.85	69.09%
Department of Labor & Industry	103.98	751.58	76.97%
Department of Livestock	12.75	142.72	80.80%
Department of Military Affairs	17.80	199.21	75.74%
Department of Natural Resources	44.44	545.78	60.44%
Department of Public Health & Human Services	196.09	2,927.57	63.35%
Department of Revenue	47.50	675.28	55.93%
Department of Transportation	160.00	2,129.26	56.80%
Fish, Wildlife & Parks	69.65	700.28	58.81%
Governor's Office	3.13	60.07	52.94%
Judicial Branch	23.05	428.83	54.87%
Legislative Branch	18.00	134.22	79.14%
Montana Arts Council	0.00	7.00	0.00%
Montana Historical Society	3.44	60.83	75.29%
Montana State Library	1.00	31.75	100.00%
Office of Public Defender	4.00	217.50	51.10%
Office of Public Instruction	16.98	166.00	88.30%
Public Service Regulation	2.00	40.00	63.24%
School for the Deaf & Blind	5.77	88.61	95.81%
State Auditor	5.00	87.80	71.32%
Total	984.70	12,280.09	66.30%

* Includes positions funded as one-time-only

The largest employers in state government funded through HB 2 are:

- Department of Public Health and Human Services with 6.70% of HB 2 positions vacant 63.35% of FY 2014
- Department of Transportation with 7.51% of HB 2 positions vacant 56.80% of FY 2014
- Department of Corrections with 7.84% of HB 2 positions vacant 59.97% of FY 2014

These three agencies' staff make up over half of the total employment considered in Figure 13.

Agencies with high vacancy rates include:

- Board of Public Education 25% of HB 2 positions vacant 100% of FY 2014
- Commissioner of Higher Education 22.36% of HB 2 positions vacant 98.77% of FY 2014
- Department of Commerce 18.53% of HB 2 positions vacant 73.66% of FY 2014
- Department of Labor and Industry 13.83% of HB 2 positions vacant 76.97% of FY 2014

- Legislative Branch 13.41% of HB 2 positions vacant 79.14% of FY 2014

As of November 13, 2013 the vacancy rates within a number of agencies is greater than the legislatively required rate of 4.00%, the Legislative Finance Committee may wish to further examine the reasons for the existing vacancies. A separate report could examine:

- Reasons for the various vacancies
- Impacts on current staff workload as a result of the vacancies

At this time the executive has not determined if it will address the legislature's request as expressed through the intent language when budgeting for personal services in the 2017 biennium.

Implementation of HB 13 Pay Changes

Changes to state employee pay as a result of funding provided in HB 13 were made in the 2013 biennium and the first quarter of 2014. In addition to providing increases to positions funded through HB 2, the executive provided an increase of 3% for positions funded through proprietary rates or supported by permanent statutory authorization.

Executive branch agencies began HB 13 increases in the first pay period of July. The main exceptions were:

- Judicial Branch, which implemented changes effective July 27, 2013
- MUS pay increases, which went into effect on October 1, 2013

As of September 30, 2013, negotiated settlements had not yet been reached with 13 of the 65 bargaining units within the executive branch. Once settlements have been ratified retroactive increases will be granted the affected employees. As of the September Board of Regents meeting, 11 of the 25 unions operating with the Montana University System had approved bargaining agreements. Eight more are expected to be reviewed at the November meeting.

Changes implemented due to the passage of HB 13 for FY 2014 were as follows:

- Blue collar pay raises - \$0.92 an hour for all employees in the plan
- Exempt employees -2.89% to 11.28% depending on position
- Broadband pay raises – 3.00% for all employees in the plan
- Judicial Branch pay raises – 4.00% for all employees in the plan
- Legislative Branch – implemented increased based on the division in which staff were employed:
 - Legislative Services and Fiscal Divisions raised pay for all staff to a minimum of 78% of the 2012 market rate, gave an across the board increase of 3.0%, and provided targeted increases based on time in position, performance and the 2012 market on October 1, 2013. Base pay could not be increased above the market for the positions
 - Legislative Audit Division raised pay for all staff to a minimum of 78% of the 2012 market rate and gave an across the board increase of 3.0% to all staff. The LAD provides for performance salary adjustments if earned to be paid annually on an employee's anniversary date or later in the range of 0 – 4% of salary as part of the division's ongoing pay program
- The Montana University System and OCHE established pay increase increments generally based on a 2.25-2.5% increase. According to OCHE, there was special attention given to positions that have significant competition nationally, giving increases up to 25.8%, while some associate professors received no increase at all

APPENDIX A

Positions commonly found in multiple state agencies. The positions totals include positions that are classified in a number of pay bands.

Positions Common to Multiple State Agencies As of September 13, 2013					
State Agency	Number of Positions	Minimum Base Pay	Average Base Pay	Maximum Base Pay	Average of Market
Budget Analyst					
Administration	3	24.33	24.66	25.31	90.42%
Agriculture	1	20.47	20.47	20.47	88.77%
Board of Crime Control	1	26.86	26.86	26.86	98.51%
Department of Corrections	7	17.51	20.45	25.66	82.27%
Environmental Quality	4	24.11	25.40	26.56	93.14%
Fish, Wildlife, & Parks	6	21.13	24.19	27.89	96.11%
Governor's Office	8	27.24	29.53	32.56	93.55%
Justice	1	28.09	28.09	28.09	103.00%
Labor & Industry	6	26.12	26.76	28.05	98.15%
Military Affairs	4	20.81	23.62	26.89	97.93%
Natural Resources & Conserv	4	26.27	27.35	28.23	100.31%
Office of Public Instruction	2	25.53	26.77	28.00	98.15%
Public Health & Human Services	20	23.90	26.78	35.49	93.67%
Transportation	<u>5</u>	<u>26.29</u>	<u>27.35</u>	<u>31.55</u>	<u>97.13%</u>
Total Budget Analysts	72	17.51	25.91	35.49	94.06%
Computer Programmer					
Administration	11	20.60	27.13	34.28	91.15%
Department of Corrections	2	25.37	26.68	28.00	101.25%
Labor & Industry	17	26.26	28.11	28.99	106.65%
Livestock	1	18.93	18.93	18.93	103.52%
Montana State Library	7	24.40	27.26	28.48	103.43%
Natural Resources & Conserv	4	27.24	28.19	29.22	106.95%
Public Health & Human Services	8	18.07	22.65	28.14	104.17%
Revenue	2	23.77	24.26	24.74	92.03%
Secretary of State	2	22.37	23.61	24.85	89.59%
Transportation	<u>5</u>	<u>22.10</u>	<u>25.64</u>	<u>26.52</u>	<u>104.68%</u>
Total Computer Programmers	59	18.07	26.40	34.28	101.58%
Crime Investigator					
Administration	1	20.25	20.25	20.25	81.54%
Department of Corrections	5	19.18	22.83	28.77	67.13%
Fish, Wildlife, & Parks	5	24.15	24.16	24.16	76.61%
Justice	48	21.14	25.19	29.55	63.50%
Labor & Industry	1	23.21	23.21	23.21	73.59%
Office of the Public Defender	20	17.98	21.22	23.98	68.06%
Political Practices	1	22.29	22.29	22.29	70.68%
State Auditor	<u>3</u>	<u>25.98</u>	<u>25.98</u>	<u>25.98</u>	<u>82.40%</u>
Total Crime Investigators	84	17.98	23.95	29.55	66.67%

Positions Common to Multiple State Agencies As of September 13, 2013					
State Agency	Number of Positions	Minimum Base Pay	Average Base Pay	Maximum Base Pay	Average of Market
Human Resource Specialist					
Administration	7	23.63	27.28	31.62	88.03%
Agriculture	2	18.05	24.22	30.40	92.36%
Commerce	2	24.99	25.58	26.17	108.59%
Department of Corrections	8	16.55	20.22	23.69	85.84%
Environmental Quality	2	22.71	23.28	23.84	98.81%
Governor's Office	1	27.24	27.24	27.24	115.60%
Justice	5	18.76	21.39	24.75	96.88%
Labor & Industry	4	21.09	21.51	21.93	91.29%
Livestock	1	20.18	20.18	20.18	85.64%
Montana Historical Society	1	21.17	21.17	21.17	106.95%
Natural Resources & Conserv	2	21.72	21.72	21.72	92.17%
Office of Public Instruction	2	20.68	20.68	20.68	87.79%
Office of the Public Defender	1	27.87	27.87	27.87	118.31%
Public Health & Human Services	7	17.95	21.96	28.12	97.09%
Revenue	1	23.24	23.24	23.24	98.66%
Secretary of State	1	28.77	28.77	28.77	122.10%
State Auditor	1	25.75	25.75	25.75	109.30%
Transportation	<u>12</u>	<u>19.87</u>	<u>23.58</u>	<u>28.61</u>	<u>99.98%</u>
Total Human Resource Specialists	60	16.55	23.13	31.62	95.80%
Lawyer					
Administration	14	32.19	40.08	48.42	81.31%
Agriculture	1	43.86	43.86	43.86	72.42%
Commerce	3	28.24	36.07	47.79	72.38%
Department of Corrections	4	28.36	32.49	39.71	68.00%
Environmental Quality	16	28.74	37.61	46.43	71.19%
Fish, Wildlife, & Parks	5	33.77	36.39	45.18	77.49%
Governor's Office	1	37.01	37.01	37.01	61.11%
Justice	41	31.29	36.24	42.75	69.48%
Labor & Industry	16	32.13	35.94	44.98	80.42%
Natural Resources & Conserv	9	32.96	36.64	42.23	80.98%
Office of Public Instruction	1	33.31	33.31	33.31	76.19%
Office of the Public Defender	116	19.96	27.00	34.92	61.01%
Public Health & Human Services	16	31.92	37.31	43.31	85.36%
Public Service Commission	3	24.83	29.56	33.56	67.61%
Revenue	13	29.53	37.72	44.28	68.48%
State Auditor	5	36.02	36.02	36.02	82.40%
Transportation	<u>9</u>	<u>41.27</u>	<u>41.90</u>	<u>46.93</u>	<u>69.18%</u>
Total Lawyers	273	19.96	32.79	48.42	68.86%

Positions Common to Multiple State Agencies As of September 13, 2013					
State Agency	Number of Positions	Minimum Base Pay	Average Base Pay	Maximum Base Pay	Average of Market
Network Administrator					
Administration	7	19.97	24.62	27.24	90.87%
Agriculture	1	22.65	22.65	22.65	83.60%
Commerce	2	22.60	25.67	28.74	94.75%
Department of Corrections	1	20.47	20.47	20.47	75.57%
Environmental Quality	3	22.89	24.60	26.29	90.82%
Justice	7	20.60	23.84	27.50	95.77%
Labor & Industry	17	25.03	27.20	32.32	100.42%
Military Affairs	1	25.94	25.94	25.94	117.28%
Natural Resources & Conserv	5	17.67	21.40	24.67	78.99%
Office of the Public Defender	2	21.80	21.80	21.80	98.55%
Public Health & Human Services	1	22.66	22.66	22.66	83.65%
School for Deaf & Blind	1	19.10	19.10	19.10	86.33%
Secretary of State	<u>1</u>	<u>25.27</u>	<u>25.27</u>	<u>25.27</u>	<u>93.30%</u>
Total Network Administrators	49	17.67	24.77	32.32	94.03%
Operations Manager					
Administration	13	31.69	42.41	58.92	65.08%
Agriculture	3	45.29	45.29	45.29	67.64%
Board of Crime Control	1	42.09	42.09	42.09	62.87%
Commerce	8	37.51	42.93	50.03	64.25%
Department of Corrections	10	35.06	38.57	44.57	59.96%
Environmental Quality	6	40.51	45.12	49.27	71.32%
Fish, Wildlife, & Parks	16	39.48	41.78	47.75	71.20%
Governor's Office	2	29.71	37.94	46.16	65.31%
Labor & Industry	7	42.87	45.48	47.89	67.93%
Military Affairs	1	41.47	41.47	41.47	61.94%
Montana Arts Council	1	38.35	38.35	38.35	79.58%
Montana Historical Society	2	39.29	42.50	45.71	74.91%
Montana State Library	1	42.59	42.59	42.59	63.61%
Natural Resources & Conserv	8	36.05	40.24	42.97	62.79%
Office of Public Instruction	5	34.59	38.37	42.28	57.31%
Public Health & Human Services	28	30.66	41.15	52.68	68.62%
Revenue	10	37.63	43.73	55.27	61.08%
Transportation	<u>19</u>	<u>42.09</u>	<u>48.56</u>	<u>52.99</u>	<u>75.24%</u>
Total Operations Managers	141	29.71	42.73	58.92	67.40%

Positions Common to Multiple State Agencies As of September 13, 2013					
State Agency	Number of Positions	Minimum Base Pay	Average Base Pay	Maximum Base Pay	Average of Market
Program Manager					
Administration	4	22.94	28.96	34.67	82.13%
Agriculture	1	32.46	32.46	32.46	80.69%
Commerce	15	27.68	32.59	38.22	81.01%
Department of Corrections	11	22.46	31.22	36.05	81.30%
Environmental Quality	3	31.93	35.27	37.24	80.34%
Fish, Wildlife, & Parks	14	33.62	33.62	33.62	105.25%
Justice	5	25.12	29.34	37.05	90.92%
Labor & Industry	14	27.05	31.81	39.00	90.54%
Livestock	5	21.75	25.52	31.65	79.19%
Military Affairs	14	24.14	32.61	40.58	83.55%
Montana Historical Society	4	26.68	28.15	30.66	69.98%
Natural Resources & Conserv	28	15.00	26.80	29.55	88.60%
Office of Public Instruction	2	29.14	30.04	30.94	99.34%
Public Health & Human Services	48	24.67	29.46	36.40	86.12%
Revenue	48	23.35	29.86	36.42	74.23%
State Auditor	2	24.92	26.21	27.50	86.67%
Transportation	<u>39</u>	<u>29.17</u>	<u>34.59</u>	<u>41.70</u>	<u>91.73%</u>
Total Program Managers	257	15.00	30.76	41.70	85.32%

APPENDIX B

Health Related Positions					
Position	Number of Positions	Minimum Base Pay	Average Base Pay	Maximum Base Pay	Average of Market
Certified Nurses' Aide	1	\$15.19	\$15.19	\$15.19	100.03%
Child Family Social Worker	305	14.50	19.18	28.04	97.87%
Clinical Lab Technician	1	14.23	14.23	14.23	102.09%
Clinical Lab Technologist	29	15.45	19.78	23.20	79.81%
Clinical Psychologist	7	25.36	29.92	35.02	87.15%
Clinical Psychology Specialist	12	20.60	23.96	24.61	87.88%
Clinical Therapist	5	17.81	23.04	27.83	104.21%
Dental Assistant	4	13.93	14.34	14.48	83.58%
Dental Hygienist	1	28.84	28.84	28.84	113.07%
Dentist	4	58.09	70.98	90.29	100.46%
Dietitian Nutritionist	9	18.72	21.82	26.89	93.75%
Epidemiologist	15	23.63	27.50	36.26	89.51%
Food Preparation Worker	28	8.71	9.97	13.24	102.01%
Food Processor Technician	15	10.60	13.06	16.71	102.99%
Food Service Manager	2	22.66	24.37	26.08	101.76%
Food Service SupMgr	29	12.57	16.14	26.09	88.92%
Food Service Worker	21	8.96	9.49	12.59	95.36%
Health Education Specialist	36	17.51	20.22	26.32	93.89%
Health Program Representative	41	19.47	23.99	32.67	110.00%
Health Sanitarian	8	20.52	21.84	23.63	89.00%
LPN	49	12.91	18.48	22.72	93.31%
Medical Assistant	3	14.63	14.94	15.10	102.91%
Medical Examiner	2	70.69	74.02	77.36	66.28%
Medical Health Services Mgr	26	21.74	36.24	52.57	95.27%
Medical Records Technician	8	11.28	13.72	17.25	89.57%
Medical Secretary	7	11.30	13.58	17.18	82.83%
Medical Social Worker	6	16.17	17.53	20.29	99.84%
Mental Health Counselor	3	16.29	18.88	22.52	90.98%
Nurse Practitioner	4	31.26	40.39	46.28	102.64%
Nursing Aide	143	9.98	13.34	20.96	101.52%
Nursing Services Manager	15	30.66	32.30	39.14	101.64%
Occupational Therapist	2	22.63	24.50	26.38	80.63%
Pharmacist	4	41.52	43.10	47.22	91.40%
Pharmacy Aide	2	10.12	10.12	10.12	88.82%
Physician Assistant	2	31.93	32.55	33.16	82.04%
Physician Primary Care	8	75.12	87.32	108.93	110.99%
Psychiatric Aide	279	11.18	13.36	17.62	87.41%
Psychiatrist	9	88.54	97.68	109.66	112.56%
Registered Nurse	156	20.10	27.26	37.74	83.33%
Rehabilitation Counselor	86	16.38	19.90	26.21	102.42%
Resident Aide	9	9.60	10.27	12.82	92.45%
Social Service Aide	35	9.56	12.01	17.18	82.86%
Social Service Specialist	313	12.28	16.71	22.66	85.06%
Social Service Technician	5	13.49	14.56	16.21	87.85%
Substance Abuse Counselor	13	17.44	20.09	24.61	122.51%
Grand Total	1,762	8.71	19.15	109.66	92.42%

Environmental Resource Positions					
Position	Number of Positions	Minimum Base Pay	Average Base Pay	Maximum Base Pay	Average of Market
Agricultural Program Manager	1	\$33.01	\$33.01	\$33.01	88.13%
Agricultural Program Mgr	6	29.55	33.83	35.38	76.40%
Agricultural Technician	7	12.41	15.44	18.45	97.74%
Agriculture Inspector	1	16.11	16.11	16.11	100.25%
Biological Lab Aide	1	14.42	14.42	14.42	117.74%
Biological Lab Technician	5	16.75	23.95	25.75	119.10%
Biology Research Specialist	14	20.04	20.81	23.86	97.85%
Conservation Aide	12	11.29	11.38	11.59	106.10%
Conservation Specialist	18	20.04	24.04	28.46	83.07%
Conservation Technician	77	14.28	17.05	22.88	90.16%
Environmental Engineer PE	22	33.38	37.78	40.48	112.66%
Environmental Engineering Spc	15	25.63	30.96	36.80	103.52%
Environmental Field Tch	6	17.71	19.60	24.41	92.81%
Environmental Program Mgr	14	30.66	36.31	40.33	80.89%
Environmental Science Spc	196	12.25	25.31	31.31	90.97%
Firefighter	28	13.00	16.78	21.03	72.89%
Firefighter SupMgr	3	26.51	26.51	26.51	83.83%
Fish Culture Specialist	30	17.79	19.99	24.76	94.55%
Fish Wildlife Biologist	90	9.31	22.74	45.20	79.78%
Fish Wildlife Park Warden Cpt	7	33.62	33.62	33.62	119.37%
Fish Wildlife Park Warden Sgt	9	26.97	27.19	28.99	96.55%
Fish Wildlife Parks Warden	70	17.63	19.33	21.33	86.73%
Forester	82	13.85	20.80	29.36	86.35%
Forestry Technician	100	11.64	14.44	26.27	105.42%
Livestock Crime Investigator	18	16.91	19.33	21.40	71.29%
Livestock Inspector	16	10.53	11.58	15.98	72.08%
Livestock Inspector Sup	17	13.39	16.48	25.50	78.97%
Park Ranger	29	17.07	18.94	22.91	102.51%
Parks Management Specialist	13	25.00	25.14	26.87	84.09%
Plant Science Specialist	28	21.64	22.78	25.66	89.49%
Range Management Specialist	13	20.60	21.71	24.48	84.81%
Resource Conservation Mgr	47	30.15	33.16	37.62	78.03%
Water Conservation Specialist	60	19.93	21.95	30.59	85.86%
Water Rights Technician	<u>2</u>	<u>16.97</u>	<u>16.97</u>	<u>16.97</u>	<u>84.65%</u>
Total	<u>1,057</u>	<u>9.31</u>	<u>21.99</u>	<u>45.20</u>	<u>89.71%</u>